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Review of the technical cooperation activities of UNCTAD and their financing

Report by the Secretary-General of UNCTAD

Executive summary

In 2013, overall expenditures on UNCTAD technical cooperation activities reached $40.4 million, an increase of 11.4 per cent, showing that the third pillar of UNCTAD maintains its key role. Contributions to trust funds amounted to $31.2 million, a slight decrease over 2012. The Automated System for Customs Data (ASYCUDA) continued to be the largest technical assistance activity of UNCTAD, followed by the Debt Management and Financial Analysis System (DMFAS). These two programmes accounted for 56 per cent of total expenditures on UNCTAD technical cooperation and for up to 66 per cent of total contributions in 2013. As a consequence, fluctuations in expenditures and contributions to the two programmes continue to have a significant impact on overall statistics on technical cooperation. The contributions of developing countries amounted to $12.7 million in 2013, representing 40.7 per cent of total contributions but these contributions were almost exclusively devoted to financing ASYCUDA and DMFAS projects in the same developing countries which made contributions. Contributions by developed countries, amounting to $7.8 million, decreased for the second consecutive year and accounted for 25 per cent of total contributions in 2013. The distribution of expenditures by type of projects remained stable, with country projects accounting for 47 per cent of total projects followed by interregional and regional projects, which accounted respectively for 42 per cent and 11 per cent. The share of total expenditures for least developed countries (LDCs) remained stable, accounting for about 40 per cent of total expenditures. Actions with a view to enhancing the impact and efficiency of UNCTAD assistance continued. Results-based management methodologies continued to be strengthened in 2013 and discussion on the draft UNCTAD fundraising strategy presented to member States in March 2013 was postponed until March 2014, at which time a decision was taken that regional coordinators would meet informally, and on a regular basis, to agree on a set of common goals and principles for the fundraising strategy. UNCTAD

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involvement in support of coherence across the United Nations system continued to increase. Inter-agency projects are a requirement to access a number of funding mechanisms (e.g. multi-donor trust funds and One United Nations funds) at the national and regional levels. UNCTAD is expanding coordination with other agencies, in particular through the United Nations Inter-Agency Cluster on Trade and Productive Capacity, led by UNCTAD, which is the most effective mechanism in this regard. The Inter-Agency Cluster is active through joint initiatives in more than 30 countries, specifically those that voluntarily adopt the "Delivering as one" approach when formulating a new United Nations Development Assistance Framework.

Introduction

1. This report has been prepared to facilitate the annual policy review of UNCTAD technical cooperation activities by the Trade and Development Board.

2. This report will also be submitted to the Working Party on the Strategic Framework and the Programme Budget for its review of UNCTAD technical cooperation activities, in line with the provisions set out in paragraph 220 of the Accra Accord and in Trade and Development Board decisions 495 (LV) of September 2008, 498 (LVI) of September 2009, 504 (LVII) of September 2010, 510 (LVIII) of September 2011, 515 (LIX) of September 2012 and 520 (LX) of September 2013. In these decisions, the Trade and Development Board recommends that a more structured interaction be carried out between the UNCTAD secretariat, potential beneficiaries and donors, within the framework of the Working Party which is the main mechanism for consultations among member States on all technical cooperation issues. The Working Party performs tasks set out in its agreed terms of reference. These state that it "will review UNCTAD technical assistance, with a view, inter alia, to improving its effectiveness, enhancing transparency, sharing successful experiences and encouraging outreach towards potential recipients".

3. As in previous years, since 2007, the scope and focus of UNCTAD technical cooperation activities in 2013 continued to follow a two-track approach by providing the following services:

(a) Technical assistance services to beneficiary countries and regions through trust funds of interregional, regional and country projects to which donors contribute;

(b) Support services at the country level within the framework of United Nations reforms and the "Delivering as one" approach.

4. Within the United Nations Development Group (UNDG), UNCTAD continued to advocate for the need to effectively include non-resident agencies in United Nations assistance plans at the country level, as well as to put more emphasis on United Nations assistance in trade and related areas.

I. Funding sources for UNCTAD technical cooperation

5. UNCTAD technical cooperation activities are financed from the following three main sources:

(a) Bilateral funding, including individual Governments, the United Nations system and other international organizations, the European Commission and private and public sector donors;

(b) United Nations regular programme of technical cooperation;

(c) One United Nations funds and other multi-donor trust funds.

A. Bilateral funding

6. In general, overall voluntary contributions remain unpredictable, earmarked to specific activities and with important fluctuations from one year to another (see table 1 and figure 1). In 2013, the overall voluntary contributions by individual Governments, multilateral donors, non-governmental organizations, the enterprise sector and foundations amounted to $31.2 million, a decrease of 5 per cent over the previous year. ASYCUDA continued to be the largest technical assistance activity of UNCTAD, followed by DMFAS. These two programmes accounted for about 56 per cent of total expenditures on UNCTAD technical cooperation. As a consequence, fluctuations in expenditures and contributions to the two programmes had a significant impact on overall statistics on annual technical cooperation.

Table 1
UNCTAD trust fund contributions, 2010–2013
(In thousands of dollars)

	2010	*2011*	*2012*	*2013*
Developed countries[a]	13 883	14 447	9 750	7 865
Developing and transition countries[b]	9 453	15 163	14 017	12 782
European Commission	3 628	6 591	3 105	2 783
United Nations system and other international organizations[c]	3 150	6 573	5 277	7 020
Private and public sectors	624	1 604	660	782
Total	**30 739**	**44 377**	**32 808**	**31 232**

Note: UNCTAD trust fund contributions for 2010 are exclusive of third-party cost-sharing contributions through the United Nations Development Programme (UNDP).

[a] Exclusive of contributions to the Associate Experts Programme of the United Nations.

[b] A major part is self-sustained for activities in the countries that made contributions, financed from proceeds of loans or grants from international financial institutions.

[c] For details, see table 11 of the statistical annex (TD/B/WP/262/Add.2).

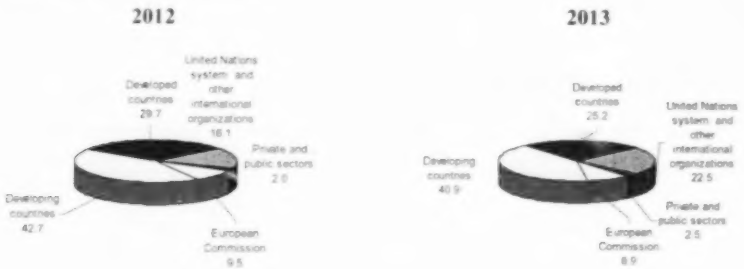
7. Contributions from developed countries in 2013 amounted to $7.8 million, a decrease of about 20 per cent as compared with 2012. Their share of total contributions decreased from 30 per cent in 2012 to about 25 per cent in 2013. It is worth noting that contributions from developed countries had already dropped significantly from 2011 to 2012 as indicated in table 1. A number of traditional donors reduced their contributions or in some cases even stopped contributing in 2012, in most cases because of the overall reduction in their official development assistance. The 10 developed countries that contributed the most to UNCTAD trust funds in the four-year period from 2010 to 2013, in order of accumulated contributions, are Switzerland, Norway, Sweden, Finland, the Netherlands, Luxembourg, Germany, the United Kingdom of Great Britain and Northern Ireland, Canada and Ireland (see TD/B/WP/262/Add.2, table 10). Developed country donors mainly directed their contributions towards interregional projects in support of debt management (DMFAS), capacity-building on investment facilitation, foreign direct investment trends and issues, the e-regulations system, support to trade negotiations and commercial diplomacy, enterprise development, the Virtual Institute, competition policies, information and communications technology policies for development, and science and technology for development.

8. In 2013, developing countries contributed the larger share (40.7 per cent of total contributions) to UNCTAD trust funds at the amount of $12.7 million. Almost all contributions by developing countries are allocated to activities in their own countries and are financed from loans or grants of international financial institutions, mainly to implement ASYCUDA and DMFAS programmes. These two programmes combined accounted for about 56 per cent of total UNCTAD contributions to technical cooperation in 2013. As a consequence, fluctuations in total contributions to the two programmes had a significant impact on overall statistics on annual technical cooperation. Overall, the average amount of contributions for ASYCUDA and DMFAS projects is higher than that for other projects implemented by UNCTAD.

Figure 1

Origin of trust fund contributions, 2012–2013

(Percentages of the total contribution)



9. Among multilateral donors, the European Commission continued to be the single largest contributor to UNCTAD operational activities. In 2013, it contributed $2.7 million, accounting for 8.9 per cent of total contributions to trust funds. The European Commission in 2013 contributed to one interregional debt management project and one national ASYCUDA project in Bosnia and Herzegovina.

10. The remaining contributions in 2013 from the United Nations system and other international organizations including UNDP amounted to $7 million, accounting for 22 per cent of total contributions. This includes in particular a contribution from the United Nations Office for Project Services for an ASYCUDA project in Afghanistan, a contribution from the West African Economic and Monetary Commission in support of the implementation of the competition framework in the West African Economic and Monetary Union region and a contribution from the World Bank for support to debt management-related activities. Also included under United Nations system and other international organizations contributions are the allocations received by UNCTAD to support joint programmes of the United Nations Inter-Agency Cluster on Trade and Productive Capacity through specific partner contributions and multi-partner trust funds, which amounted to $0.7 million in 2013 and are discussed in more details under section C below. Contributions from UNDP amounted to $0.5 million in 2013. The 2013 contribution from private and public sectors of $0.8 million, accounting for 2.5 per cent of total contributions, remained stable as compared to the previous year.

B. United Nations regular programme of technical cooperation and the Development Account

11. Programme budget resources for technical cooperation activities are provided under the United Nations regular programme of technical cooperation and the Development Account, sections 23 and 36, respectively, of the United Nations programme budget.

12. Contributions from the United Nations regular programme of technical cooperation and from the Development Account are not distributed on a yearly basis but under biennial allotments and are analysed based on yearly expenditures. Contributions from UNDP, One United Nations funds and other multi-donor trust funds correspond to yearly expenditures.

13. Since its establishment in 1999 by the General Assembly, the Development Account – section 36 – has become increasingly important in funding capacity development projects that enhance the capacities of developing countries in the priority areas of the United Nations development agenda. Ten entities of the United Nations Secretariat are implementing projects. They include the five regional commissions, the Department of Economic and Social Affairs, UNCTAD, the United Nations Environment Programme (UNEP), UN-Habitat and the United Nations Office on Drugs and Crime.

14. Projects are carried out under tranches, each of which has a three- to four-year life span. In 2013, projects under the sixth additional tranche, the seventh tranche, the seventh additional tranche and the eighth tranche were implemented. The significance accorded to the Development Account by member States is reflected by its funding envelope, with $28.4 million distributed in 2013 under the new ninth tranche. UNCTAD's share under this new tranche amounts to $4.8 million or about 16 per cent of the total envelope, attributed to eight projects covering: (a) sovereign debt governance, (b) sustainable export strategies, (c) upgrade and diversification of fish exports in LDCs, (d) implications of non-tariff measures, (e) climate change impacts on coastal transport infrastructure in small islands developing States, (f) production linkages in the mineral resources sector, (g) sustainable freight transport and (h) investment for sustainable and inclusive development. Implementation of these projects started in April 2014 and should be completed by the end of 2017. Information on projects currently being implemented is provided in table 8 of document TD/B/WP/262/Add.2.

15. Resources under the United Nations regular programme of technical cooperation – section 23 – are provided for advisory services and training. In 2013, expenditures under section 23 remained stable as compared with 2012. As in the past, the training component of regular programme of technical cooperation resources was used mainly to finance training activities related to key international economic issues in line with paragraph 166 of the UNCTAD X Plan of Action.[1]

16. In 2013, total UNCTAD expenditures on technical cooperation from the regular programme budget amounted to $4.1 million, accounting for 10.2 per cent of overall expenditures, an increase of 37 per cent over the previous year (see TD/B/WP/262/Add.2, table 8).

[1] For a description of these activities, see cluster XIV in document TD/B/WP/262/Add.1.

C. Specific partner contributions and multi-donor trust funds to support joint programmes of the United Nations Inter-Agency Cluster on Trade and Productive Capacity

17. The "Delivering as one" approach is at the origin of a new funding framework to support joint programmes implemented through the United Nations Development Assistance Frameworks and similar inter-agency modalities organized at the country and regional levels.

18. Developed first in the One United Nations pilot countries and increasingly adopted by many countries, common United Nations budgetary frameworks have been reinforced in recent years, as they lead to more effective resource mobilization at the national and regional levels, with transparent dialogue with the donors. Moreover, the multi-donors trust funds and related specific partner contributions[2] provide flexible, coordinated and predictable funding to support the achievement of national and global priorities. In the United Nations system, "Delivering as one" mechanisms now play a growing role by complementing the agencies' individual resources.

19. In 2013, UNCTAD made the right strategic choices in enhancing the role of trade and productive capacity issues in relevant One United Nations programmes and United Nations Development Assistance Frameworks. In addition to a difficult environment due to the overall decline in support from traditional donors, UNCTAD managed to access a number of multi-donors trust funds and specific partner contributions, thanks to its leading role within the United Nations Inter-Agency Cluster on Trade and Productive Capacity, with increased allocations compared to year 2012[3] (figure 2).

1. Multi-donor trust funds

20. In 2013, through the One United Nations pilot countries, UNCTAD accessed One United Nations fund allocations for a total amount of US$256,633 for the implementation of activities developed within the Inter-Agency Cluster in Rwanda (US$35,305) and in the United Republic of Tanzania (US$221,328).

2. Specific partner contributions

21. In 2013, UNCTAD accessed a number of specific partner contributions. The arrangements varied, with different schemes depending on the level of involvement of Governments, donors and agencies. For example, UNCTAD participated in an Inter-Agency Cluster joint programme supported by the State Secretariat for Economic Affairs of Switzerland, which began in 2011, that also reflects the first time UNCTAD has participated in a UNDG United Nations agency-to-United Nations agency contribution agreement.

22. Under the joint programme financed by the State Secretariat for Economic Affairs of Switzerland, in the Lao People's Democratic Republic in 2013, UNCTAD continued to participate in a project developed together with the International Labour Organization (ILO), the International Trade Centre (ITC) and the United Nations Industrial Development Organization (UNIDO). In 2013, UNCTAD received a third instalment of $44,300. The second phase of the joint programme, for 2014–2018, should be launched in October 2014.

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[2] Such as the standard United Nations agency-to-United Nations agency contribution agreements established under UNDG.

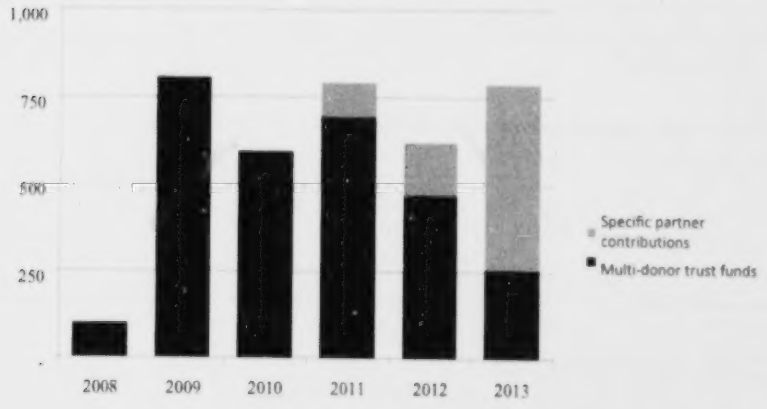
[3] For details, see table 7 in document TD/B/WP/262/Add.2.

23. In 2013, UNCTAD participated for the first time in standard UNDG United Nations agency-to-United Nations agency contribution agreements, resulting in enhanced cooperation between UNCTAD and UNDP at the country level. Four agreements were signed, one each for Cameroon (US$42,000), El Salvador (US$38,647), Panama (US$12,000) and the United Republic of Tanzania (US$394,830).

Figure 2

UNCTAD access to "Delivering as one" funding mechanisms, 2008–2013

(Transfers, in thousands of United States dollars)



Note: Funding mechanisms include specific partner contributions and multi-donor trust funds.
Source: UNCTAD, 2014.

3. Complementary resources: The catalytic role of the One United Nations fund and the example of the United Republic of Tanzania

24. It is worth mentioning that in the context of the "Delivering as one" approach, multi-donor trust funds and specific partner contributions are complementary resources. In the United Republic of Tanzania, for instance, the One United Nations fund played a decisive, catalytic role in the overall resource mobilization led by the United Nations Resident Coordinator at the country level to access more substantive resources through a UNDG United Nations agency-to-United Nations agency contribution agreement. UNCTAD experience in 2013 confirmed one of the final remarks of the independent evaluation of lessons learned from "Delivering as one"[4] that states that the One United Nations fund is an innovative mechanism for effective resource mobilization.

D. Financing of associate experts

25. In addition to the funding sources mentioned above, some donors support the UNCTAD Associate Experts Programme, which is carried out under the Associate Experts Programme of the United Nations. In 2013, only Norway contributed to this programme with two associate experts (see TD/B/WP/262/Add.2, table 6).

[4] A/66/859.

26. Despite its importance, this Programme is attracting less interest from donors. This is regrettable. The secretariat calls on donors in a position to do so to consider financing associate experts, as a means of offering a unique opportunity for young professionals to participate in the analytical and operational work of UNCTAD.

II. Expenditures and allocation of technical cooperation resources

27. In 2013, overall expenditures for UNCTAD technical cooperation activities increased by 11.4 per cent as compared to the previous year, reaching $40.4 million, the highest level for the past 10 years. This is evidence of the key role played by the third pillar of UNCTAD (table 3).

Table 3

UNCTAD total expenditures on technical cooperation and source of funds, 2010–2013

(In millions of dollars and percentage)

				2013		
	2010	*2011*	*2012*	*Amount*	*Percentage of total*	*Change over previous year (percentage)*
Trust funds	36.6	36.0	33.4	36.0	88.9	7.9
Multi-partner trust funds and One United Nations funds	0.9	0.6	0.3	0.4	0.9	13.7
Regular budget and Development Account	1.7	2.4	2.6	4.1	10.2	56.2
Total	**39.2**	**39.1**	**36.3**	**40.4**	**100.0**	

Note: Totals reflect rounded values (see TD/B/WP/262/Add.2, table 1).

A. Type of projects

28. UNCTAD technical cooperation projects continue to be provided on the basis of interregional, regional and country projects and programmes (figure 3).

1. Interregional projects

29. Interregional projects are thematic projects offering activities that all developing countries can benefit from. In 2013, expenditures under these projects amounted to $16.8 million, accounting for 41.6 per cent of total expenditures. The total number of interregional projects with expenditures in 2013 increased to 81 as compared to 59 in 2012 (excluding projects financed from the Development Account).

2. Regional projects

30. In 2013, expenditures on regional projects remained stable and amounted to $4.5 million, representing 11.3 per cent of total expenditures. The total number of regional projects with expenditures in 2013 was 21 as compared to 17 in 2012. Major regional projects under implementation in 2013 included, in Africa, one subregional ASYCUDA project, one competition project and one e-regulations project; in Latin America and the Caribbean, one regional ASYCUDA project, one subregional e-regulations project and one

competition law and policy project; and in Asia and the Pacific, two ASYCUDA regional projects.

3. Country projects

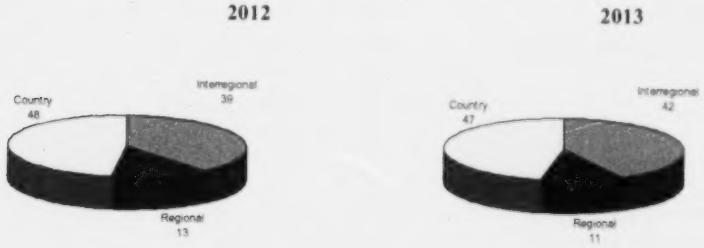
31. For the second consecutive year, country projects were the major form of delivery of UNCTAD technical cooperation in terms of volume. In 2013, total expenditures on country projects amounted to $19 million, an increase of about 2 million as compared with 2012. Country projects accounted for about 47 per cent of total delivery in 2013. The total number of country projects with expenditures in 2013 was 108, as compared with 96 in 2012. Most country projects are either self-financed or financed by resources made available to UNCTAD under the bilateral aid programmes of certain donors. All projects financed by multi-donor trust funds and One United Nations funds are country projects (see chapter I, section C). The majority of expenditures of country projects implemented by UNCTAD relate to the areas of customs modernization and reform (ASYCUDA) and debt management (DMFAS).

32. Expenditures on country projects in 2013 increased in Asia and the Pacific, decreased slightly in Europe and remained stable in Africa and in Latin America and the Caribbean.

Figure 3

Technical cooperation expenditures by type of project, 2012–2013

(As a percentage of total project expenditures)



B. Thematic distribution

33. UNCTAD technical cooperation is grouped into 17 thematic clusters (table 4). Trust funds for activities in support of civil society and the participation of UNCTAD in support of activities carried out under the framework of the United Nations Inter-Agency Cluster on Trade and Productive Capacity are grouped under an additional cluster 18, which represents about 6 per cent of total annual expenditures.

34. The allocation of contributions among different thematic clusters is uneven and does not match the demands received under each thematic cluster. As already stressed, about 60 per cent of UNCTAD technical cooperation activities are undertaken under two thematic clusters, namely clusters 11 and 12. The remaining 15 thematic clusters of activities are much smaller in size and account each for between 6 and less than 1 per cent of total delivery.

C. Geographical distribution

35. Total expenditures in Africa (including country and regional projects) amounted to $9.3 million in 2013, remaining stable as compared with the previous year. The share for Africa in total delivery of UNCTAD technical cooperation in 2013 was 23 per cent, as compared with 25.8 per cent in 2012.

36. Total expenditures in Asia and the Pacific, including country and regional projects, amounted to $9.5 in 2013, an increase of about $2 million in country project expenditures as compared with the previous year. The share of the region in the total delivery of UNCTAD technical cooperation in 2013 was 23.5 per cent, compared with 20 per cent in 2012.

Table 4

Technical cooperation expenditure by region and thematic cluster, 2010–2013

(In thousands of dollars)

	2010	*2011*	*2012*	*2013*	
	Amount	*Amount*	*Amount*	*Amount*	*Percentage*
Total	**39 198**	**39 073**	**36 311**	**40 549**	**100.0**
By region					
Africa	7 551	9 188	9 363	9 312	23.0
Asia and the Pacific	6 895	5 287	7 268	9 521	23.5
Latin America and the Caribbean	5 851	5 054	4 701	4 093	10.1
Europe	690	799	784	717	1.8
Interregional	18 212	18 746	14 194	16 815	41.6
By cluster					
I. Capacity-building on trade negotiations and commercial diplomacy	2 737	666	825	1 460	3.6
II. Trade analysis capacities and information systems	387	324	154	165	0.4
III. Trade environment and development	983	1 071	950	750	1.9
IV. Competition policy and consumer protection	1 231	1 274	1 178	1 494	3.7
IV. Commodity sector development and poverty reduction	1 140	1 397	270	202	0.5
VI. Foreign direct investment trends and issues	470	485	888	1 202	3.0
VII. Investment policies	2 091	1 093	897	811	2.0
VIII. Investment facilitation	785	2 288	2 461	2 482	6.1
IX. Enterprise development	1 816	1 784	327	270	0.7
X. Globalization and development strategies	753	1 115	1 553	1 283	3.2
XI. Strengthening the debt management capacity of developing countries	4 738	5 866	5 939	6 654	16.4
XII. Transport and trade facilitation	15 058	14 762	16 010	17 944	44.4
XIII. Information and communications technology policies and applications for	321	439	366	811	2.0

	2010	2011	2012	2013	
	Amount	*Amount*	*Amount*	*Amount*	*Percentage*
development					
XIV. Cross-divisional training and capacity-building	2 415	1 914	935	1 125	2.8
XV. Science technology and innovation	356	352	174	360	0.9
XVI. Productive capacities in the least developed countries, landlocked developing countries, small island developing States and structurally weak, vulnerable and small economies	892	941	595	195	0.5
XVII. Strengthening support for trade mainstreaming into national development plans and/or poverty reduction strategy papers in LDCs in the context of the Enhanced Integrated Framework	678	438	621	844	2.1
XVIII. Executive direction and management and support services	2 348	2 862	2 168	2 408	6.0
Of which, LDCs	*13 277*	*14 185*	*15 201*	*16 240*	*40.1*

37. Total expenditures in Latin America and the Caribbean, including country and regional projects, amounted to $4.1 million, a small decrease as compared with 2012. Country project expenditures remained stable while expenditures on regional projects slightly decreased. The share of the region in total delivery of UNCTAD technical cooperation slightly decreased to 10.1 per cent, as compared to 12.9 per cent in 2012.

38. In Europe, six national projects with total expenditures of $717,300 were under implementation in 2013. These included in particular ASYCUDA projects in Albania, Georgia, Gibraltar and Kosovo.[5]

39. The geographical distribution data (table 4 and figure 4) should be read in conjunction with the information provided in chapter II, section A, in particular the comments regarding regional and country projects. It should be noted that only expenditures on regional and country projects, which accounted for about 58.5 per cent of total expenditures, are taken into account for the calculation of regional shares. However, support through the implementation of interregional projects involving beneficiary countries and/or regions is recorded separately and thus may not be reflected in the calculation of regional shares. Furthermore, when interpreting regional shares, it must be kept in mind that most country projects are either self-financed or financed through resources made available by donors from their bilateral aid programmes or through multi-donor trust funds.

40. As part of its strategy for delivering technical cooperation services, UNCTAD continues to assign priority to LDCs. In 2013, technical cooperation expenditures in support of LDCs amounted to $16.2 million, an increase of about $1 million over the previous year, accounting for 40 per cent of total expenditures. Over the past eight years expenditures in support of LDCs averaged around $14 million a year. They have been steadily increasing since 2010. There were no contributions to the LDC Trust Fund in 2013. Contributions have been steadily declining since 2009. Since its establishment in 2000, the Fund has received a total of $10 million from 20 different donors. As emphasized in paragraph 9 of

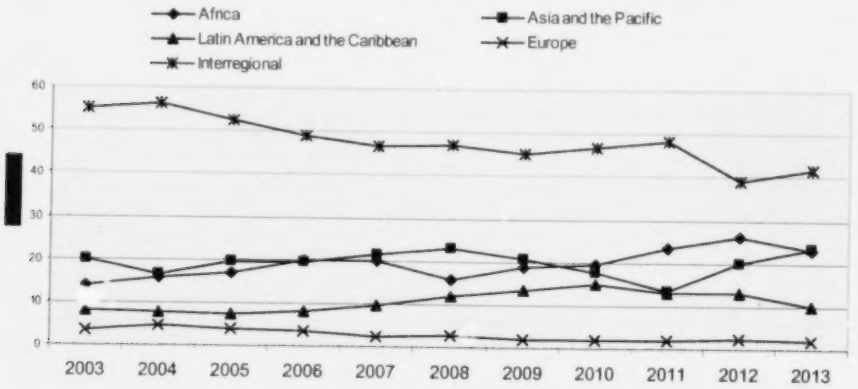
[5] United Nations Administrative Region, Security Council resolution 1244 (1999).

Trade and Development Board decision 515 (LIX) of September 2012, development partners in a position to do so are called upon to continue to contribute to the LDC Trust Fund.

Figure 4

Technical cooperation expenditures by region, 2003–2013

(As a percentage of total yearly expenditure)



III. Structure and functioning

A. Follow-up to intergovernmental decisions

1. Thematic rationalization and synergies among the three pillars of UNCTAD

41. The list of the 18 thematic clusters is circulated as an informal working document[6] of the Working Party that is frequently updated by the divisions responsible for the respective clusters to reflect ongoing and proposed activities in response to requests received from beneficiaries. The working document includes proposals to merge interregional and regional projects into multi-donor and multi-year trust funds. The objective is to continue reducing the number of trust funds, consolidate activities and simplify and streamline the structure of UNCTAD technical cooperation. Information regarding new and closed projects in 2012 is provided in table 12 of document TD/B/WP/262/Add.2.

42. The secretariat is committed to continuing its efforts towards the reduction of fragmentation, and counts on the support of donor Governments in this regard. Donors are regularly contacted by the secretariat to request authorization to close projects or reimburse or transfer residual amounts to other activities. These operations can only take place with the formal approval of donors.

[6] http://unctad.org/en/PublicationsLibrary/dommisc2011d1_en.pdf.

UNCTAD role in the Enhanced Integrated Framework

The Accra Accord recognizes the Enhanced Integrated Framework as a key mechanism for the provision of trade-related technical assistance to the LDCs and calls on UNCTAD to intensify and strengthen its contribution to it. In this context, UNCTAD continues to take part actively in the Framework. In addition, UNCTAD assists LDCs both in terms of capacity-building for ownership of the Framework through its support activities before and after conducting Diagnostic Trade Integration Studies and by providing trade policy and strategy advisory services.

In 2013 UNCTAD carried out the update of the Diagnostic Trade Integration Study of Senegal, and the organization has started to work on the updates for Djibouti and Mozambique. UNCTAD has been requested by the Governments of Mali and the Niger to carry out their respective Studies. Funding for updating these Studies has been provided by the Enhanced Integrated Framework trust fund.

In preparation for the World Trade Organization (WTO) Ninth Ministerial Conference of 3–6 December 2013 in Bali, Indonesia, UNCTAD organized an expert group meeting for LDCs in November 2013, whose goal was to offer a platform where LDC experts and participants could meet to share views and concerns and to reinforce the LDC joint proposal. In this regard, a WTO Ministerial Conference decision on preferential rules of origin was included in the package negotiated in Bali.

A number of other activities were also carried out, namely:

Benin. In full cooperation with the national counterpart, UNCTAD has worked with UNIDO and ITC on a joint Enhanced Integrated Framework Tier 2 project proposal aimed at reinforcing the trade and productive capacity of Benin.

Comoros. UNCTAD prepared and delivered the Trade Development Strategy of the Comoros. The Strategy responded to specific ad hoc challenges faced by the country and identified three trade development policies leading to (a) food self-sufficiency, (b) improved access to international markets and (c) regional markets. The road map, which contains a summary of all the most important strategies agreed during the validation workshop held at the presence of government representatives, was approved by the Council of Ministers during the summer and became part of the country's national trade strategy. Two training workshops were also organized by UNCTAD to ensure the future sustainability of the Strategy.

Cambodia. UNCTAD is implementing a project on rules of origin financed from the multi-donor trust fund established at the country level under a trade sector-wide approach. A number of workshops and advisory missions have been carried out on the utilization of trade preferences and rules of origin. Furthermore, a meeting entitled "Global value chains and rules of origin: Opportunities and challenges for Cambodia" was organized by UNCTAD in July 2013, whose main topic was the pending changes regarding rules of origin for exports to Canada and the European Union. Existing preferential trade rules have enabled Cambodia to enter new value chains and to diversify its export strategy from garments to higher-skill export products, especially bicycles.

43. UNCTAD technical cooperation continues to revolve around policy analysis and advice and human and institutional capacity-building. In accordance with paragraphs 178 and 217 of the Accra Accord and as emphasized in paragraph 6 of Trade and Development Board decision 520 (LX) of September 2013, efforts continued to ensure greater coherence between technical cooperation programmes and analytical and consensus-building work.

Rationalization of the activities carried out within each of the thematic clusters and consolidation of projects under thematic trust funds continued throughout 2013. Efforts were aimed at reducing the fragmentation of UNCTAD operational activities and the number of trust funds, without affecting the scope, content and delivery of UNCTAD technical cooperation programmes. For example, under cluster 12, transport and trade facilitation, most technical cooperation activities are carried out under a multi-donor trust fund that supports developing countries and LDCs during multilateral negotiations on trade facilitation and the implementation of the resulting commitments. Two additional projects, one financed by the European Commission and one by the Development Account, also support the effective participation of developing countries in implementing trade facilitation arrangements. All projects build on the same methodology developed by UNCTAD, and important synergies were achieved among activities under all three projects.

44. Another example of rationalization is provided under activities carried out in cluster 13, information and communications technology policies and applications for development, where almost all activities are now carried out under a multi-donor trust fund on information and communications technology for development. Another example is provided by a multi-donor trust fund on capacity-building in investment for development, which is the result of the consolidation under one thematic trust fund of technical cooperation activities carried out under clusters 6, 7, 8 and 9. Donors are encouraged to support this inter-cluster trust fund.

45. Previous reports on UNCTAD technical cooperation activities provided examples on synergies between the 3 pillars. Strong synergies also exist in the area of science, technology and innovation. Science, Technology and Innovation Policy Reviews are evaluations of science, technology and innovation capacity and policies in a given country, and their preparation integrates recent policy research on science, technology and innovation policy within the methodology used, as part of the diagnosis performed and in the generation of policy recommendations. The country experiences documented in Science, Technology and Innovation Policy Reviews are reflected in the discussions of the expert meetings and intergovernmental meetings on science, technology and innovation policy including meetings of the Investment, Enterprise and Development Commission, the Commission on Science and Technology for Development and other expert meetings. The Reviews are in turn used as empirical cases that help inform UNCTAD policy research on science, technology and innovation issues in developing countries.

46. Another example of fruitful synergy is provided by the research and analysis activities in the area of debt development finance and the DMFAS programme's technical cooperation activities in the organization of the ninth UNCTAD Debt Management Conference. More than 310 participants from 87 countries, 16 international/regional institutions and 5 non-governmental organizations, as well as 26 private sector participants, attended the event. The results of the Conference evaluation showed a very high level of satisfaction. The project, entitled "Promoting responsible sovereign lending and borrowing", provides assistance on the basis of extensive research that has resulted in a book published by Oxford University Press. The project also resulted in the formulation of a set of Principles on Promoting Responsible Sovereign Lending and Borrowing that have been discussed at the United Nations General Assembly and other intergovernmental meetings. International consensus-building has been actively promoted, and 13 countries have now endorsed the Principles.

47. The number of operational trust funds with expenditures in 2012 amounted to 210. The corresponding figure was 262 in 2008 when actions towards reducing fragmentation started. In 2013, the secretariat managed to financially close 45 projects while 32 new projects were started.

48. Only interregional and regional trust funds that receive funding from bilateral donors are affected by the clustering process. In terms of figures, this represents a total of 81 interregional projects and 21 regional projects with expenditures in 2013. UNDP-funded projects, Development Account projects and projects financed by multi-partner trust funds and One United Nations funds are not part of the clustering process, as they are governed by financial and administrative rules that differ from those for trust funds projects.

2. Interdivisional cooperation

49. The Project Review Committee[7] continued to perform its central role as the internal mechanism to ensure coherence and interdivisional cooperation on issues related to technical cooperation. The Committee meets as necessary to discuss issues relative to the management of technical cooperation, including fundraising, distribution of funds and approval of new projects proposals. Members of the Project Review Committee (i.e. divisional focal points) and the Technical Cooperation Service communicate almost on a daily basis on all issues related to the coherent delivery of technical cooperation.

50. Efforts have continued to increase interdivisional cooperation. Many examples are provided in addendum 1 to this report (TD/B/WP/262/Add.1). For example, the Business Facilitation Section of the Division on Investment and Enterprise contributed to a regional trade facilitation event organized by the Division on Technology and Logistics. Collaboration also took place between the Division on Technology and Logistics and the Division for Africa, Least Developed Countries and Special Programmes in the provision of advisory services for the modernization of the Ethiopian Shipping and Logistics Services Enterprise. The Division on Technology and Logistics and the Division on International Trade in Goods and Services, and Commodities prepared joint proposals on assistance for African countries. The Division on Globalization and Development Strategies solicited the knowledge of the Division on Technology and Logistics in the area of trade facilitation and logistics for the implementation of the project entitled "Capacity development for facilitating Palestinian trade". The Virtual Institute is by definition a programme based on interdivisional cooperation as it assists academic institutions to strengthen their teaching and research across all UNCTAD issues. Therefore, most Virtual Institute activities and services draw on the expertise of UNCTAD divisions and programmes.

3. Requests from developing countries

51. The secretariat continues to update the compilation of the indicative list of formal requests for UNCTAD assistance received in 2013–2014 that is circulated as an informal working document of the Working Party. This list continues to increase. It is a useful tool for identifying in a transparent manner the needs and priorities of beneficiaries and should guide donors in their decisions to allocate their contributions, as recommended in paragraph 8 of Trade and Development Board decision 520 (LX) of September 2013. To the extent possible, UNCTAD tries to respond to the large majority of the demands for assistance. In some instances however responses can be negative due to a lack of resources. This was the case in the area of trade facilitation in 2013 where a number of formal and informal requests could not be accommodated. The same applied to the Virtual Institute in 2013 where, of the 30 requests received form sub-Saharan Africa and LDCs, only 14 could be

[7] The Project Review Committee is the interdivisional mechanism for making collegial decisions on UNCTAD technical assistance operations and fundraising. Its terms of reference were set by the Secretary-General of UNCTAD in 2008. The goals and scope of the Committee are sharing and reporting of information, analysing UNCTAD technical cooperation programmes, improving and streamlining procedures, supporting resource mobilization efforts, ensuring overall coherence and enhancing the role of UNCTAD at the country level.

accommodated. The DMFAS programme has been unable to progress in implementing the recommendation of successive DMFAS Advisory Group meetings to establish two new regional support centres in Africa, due to a shortage of funding.

4. Continuous implementation of results-based management methods

52. The document entitled "Guidelines for the implementation of results-based management regarding technical cooperation projects"[8] circulated to member States in December 2012 has become a mandatory tool for all project managers. It guides them in the design and implementation of operational activities.

53. The learning process to allow the full implementation of these Guidelines has been ongoing throughout 2013, with several training and dissemination sessions organized. All new UNCTAD project documents now include results-based management logical frameworks whose quality is checked during the clearance process. Efforts towards training and awareness of project officers on this important topic will continue.

54. The Project Review Committee uses the Guidelines when discussing new project documents with a view to ensuring the quality, sustainability, efficiency and effectiveness of UNCTAD operational activities. Efforts have been carried out in all divisions and programmes of UNCTAD to introduce results-based management in technical cooperation projects. A few examples can be mentioned here. In 2013, the DMFAS programme established a project to improve the monitoring and evaluation of technical assistance projects and to objectively measure their performance. As a result, the programme developed a monitoring and evaluation framework, including a comprehensive set of monitoring and evaluation activities. As part of the framework, all DMFAS technical assistance project documents include logical frameworks with indicators of success and specific monitoring and evaluation activities. Results-based management is also embedded in the design of projects implemented by the Virtual Institute. Activities are conceived in a way that not only leads to the production of outputs, but also to concrete impacts on teaching and/or the research of participating academic institutions and/or the strengthening of links between research and policymaking. All projects documents contain a logical framework which also constitutes the backbone of reporting to donors.

5. Fundraising

55. Another aspect of enhancing the management and administration of UNCTAD relates to the request by the Trade and Development Board for an UNCTAD fundraising strategy. The draft UNCTAD fundraising strategy circulated to member States on 22 March 2013 (UNCTAD/OSG/MISC/2013/1) was discussed in March 2014 at the sixty-seventh session of the Working Party. In its agreed conclusions, the Working Party recognized this document as a useful basis for further discussion on the fundraising strategy and requested "the regional coordinators to meet informally, on a regular basis, to agree on a set of common goals and principles for the fundraising strategy in order to respond to the needs of developing countries as the ultimate goal of the strategy, taking into account the proposals of the regional groups, to be presented for consideration at the next session of the Working Party in September 2014".

[8] These Guidelines are based on the results-based management methods of the United Nations Secretariat, applied to UNCTAD areas of assistance.

6. Dissemination and access to information on technical cooperation

56. The UNCTAD Project Portal[9] provides online access to comprehensive information on all UNCTAD technical assistance projects. More information on each division's activities on technical cooperation is regularly provided and updated on the UNCTAD website.

B. Contribution to United Nations system-wide coherence

57. Since its establishment in April 2007 and its official launch by the United Nations Secretary-General during the twelfth session of the United Nations Conference on Trade and Development (UNCTAD XII) in April 2008, the United Nations Inter-Agency Cluster on Trade and Productive Capacity[10] has successfully pursued three main goals: (a) strengthening the role of trade and productive capacities in the integrated technical assistance delivered by the United Nations; (b) ensuring inter-agency coordination within "Delivering as one"; and (c) increasing the links between non-resident agencies and United Nations country offices.

58. On 12 November 2013, UNCTAD chaired the sixteenth meeting of the United Nations Inter-Agency Cluster on Trade and Productive Capacity. As the Inter-Agency Cluster has been in existence for almost seven years, the meeting referred to its origins and raison d'être and aimed at taking stock of the experiences achieved and paving the way for the future. A questionnaire to seek feedback from all Cluster members on the role and the results of the Cluster's contributions and activities, identification of best practices and suggestions for improvements was distributed during the meeting. All the agencies involved in operations of the Inter-Agency Cluster (from the field, regional and headquarters levels) replied to the questionnaire.[11]

59. Based on the responses received, the coordination tasks carried out by the Inter-Agency Cluster are considered to be extremely important; in speaking with one voice, the impact of activities of the Cluster is seen as deeper and more meaningful. The members see the Inter-Agency Cluster as a recognized "label" within the United Nations system for effective inter-agency coordination. In the context of the United Nations system-wide coherence, it is considered that a comprehensive, coordinated approach which takes into account each agency's area of expertise places the Cluster in a position to offer more to the development agenda of each recipient State/region. All members praised the role of UNCTAD in leading the Inter-Agency Cluster as it orients the Cluster towards the right strategic choices in view of the United Nations overall development agenda. The members think that the current arrangement of the Cluster is an advantage because it offers a flexible and performing platform for increased cooperation, coordination and coherence between independent United Nations bodies whose activities and expertise are already institutionalized.

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[9] www.unctad.info/en/TC/?mode=AllProjects.

[10] Since 2007, the Cluster has been the inter-agency mechanism composed of resident and non-resident agencies of the United Nations system with mandates and expertise in the area of international trade and productive sectors. Coordinated by UNCTAD, it is currently composed of UNIDO, the Food and Agriculture Organization of the United Nations, ILO, ITC, WTO, UNDP, the United Nations Commission on International Trade Law, the five regional commissions, UNEP and the United Nations Office for Project Services. See http://www.unctad.org/en/Pages/TC/TC_United-Nations-Inter-Agency-Cluster.aspx.

[11] See United Nations, United Nations Inter-Agency Cluster on Trade and Productive Capacity, 2014, *Delivering Aid for Trade* (Geneva, forthcoming).

60. The members mentioned that the potentials of the Inter-Agency Cluster's coordinated initiatives as compared to the limited impact of individual agencies' operations and positions were still underestimated and unexploited. It was felt that more could be achieved in terms of cohesion, leading to more impact and efficiency of the Cluster provided that:

(a) The complementarities among the agencies are clearly understood and shared by all agencies and stakeholders (donors and beneficiaries), taking into account a holistic vision of trade and productive capacity development;

(b) There is no competition for funds, and donors and beneficiaries effectively support (and finance) the Cluster's joint initiatives as a consequence of their value added;

(c) The global focal points of the Cluster, as well as national and regional heads of field offices, are effectively supported and guided by their respective heads of agencies in the Cluster's goals and initiatives: the political support at the highest level of each agency is crucial to enlarge the role of the Cluster.

1. Participation of UNCTAD and the Inter-Agency Cluster in "Delivering as one"

61. The *Independent Evaluation of "Delivering as one"*, published in 2012, marked the end of the pilot phase for the One United Nations initiative, as experienced by the pilot countries, Albania, Cape Verde, Mozambique, Pakistan, Rwanda, the United Republic of Tanzania, Uruguay and Viet Nam. With the positive assessment of the pilot phase of the One United Nations initiative, starting in 2013 there has no longer been a distinction made between the eight One United Nations pilot countries and the countries that have adopted a "Delivering as one" approach. The number of "Delivering as one" countries is constantly increasing and now covers most countries.

62. Under the common "Delivering as one" banner, UNCTAD operations carried out within the Inter-Agency Cluster, at the national and regional levels, are presented below.[12]

(a) Operations of UNCTAD and the Inter-Agency Cluster at the national level:

63. In 2013, UNCTAD and partners agencies from the Inter-Agency Cluster were involved in the design and implementation of joint programmes, at differing degrees of scope and in different configurations, at the national and regional levels.

(i) **Africa**. Cape Verde, Cameroon, the Comoros, Lesotho, Madagascar, Mozambique, Rwanda, Sao Tome and Principe, the United Republic of Tanzania and Zambia;

(ii) **Arab States**. Egypt, Iraq and State of Palestine;

(iii) **Asia and the Pacific**. Afghanistan, Bhutan, the Lao People's Democratic Republic, Myanmar, Nepal, Pakistan and Viet Nam;

(vi) **Europe and the Commonwealth of Independent States.** Albania, Azerbaijan, Belarus, Georgia, Kazakhstan, the Republic of Moldova, Serbia, Ukraine and Uzbekistan;

(v) **Latin America and the Caribbean.** Ecuador, El Salvador, Panama and Uruguay.

[12] See http://unctad.org/Sections/un_ceb/docs/ceb_2014_01_operations_en.pdf and http://unctad.org/en/Pages/TC/TC_United-Nations-Inter-Agency-Cluster.aspx.

(b) Operations of UNCTAD and the Inter-Agency Cluster at the regional level:

(i) **Africa**. The Inter-Agency Cluster is participating in the regional initiative on industry, trade and market access coordinated by UNIDO. The operations carried out within the Inter-Agency Cluster include the participation of the Economic Commission for Africa, ILO, UNCTAD, UNDP, UNIDO and WTO.

(ii) **Arab States**. In 2012–2013, five agencies of the Inter-Agency Cluster, ILO, ITC UNCTAD, UNDP, and UNIDO, designed a regional project for the members of the League of Arab States aimed at providing a platform for targeted trade reforms, strengthening employment and competitiveness, trade promotion and regional trade integration. Officially endorsed by the Arab Economic and Social Development Summit, the project is expected to start operations in 2014.

(iii) **Europe and the Commonwealth of Independent States**. In 2013, the Inter-Agency Cluster participated in joint initiatives of the United Nations Special Programme for the Economies of Central Asia.

2. Organization and participation of the Inter-Agency Cluster at the United Nations system level and other events

64. UNCTAD, with the cooperation of the Food and Agriculture Organization of the United Nations, ILO, ITC, UNDP and UNEP, organized a discussion forum on why trade matters in development strategies in Geneva in late November 2013. In addition to Geneva delegates, non-governmental organizations, academia and the private sector, the forum's main target were government officials who had already participated in earlier regional workshops or courses organized within the framework of a Development Account project on integrating the trade dimension into United Nations Development Assistance Frameworks, managed by UNCTAD.

IV. Conclusions and ways forward

65. Follow-up actions in response to the Accra Accord, the Doha Mandate and decisions of the Trade and Development Board regarding the structure and functioning of UNCTAD technical cooperation have continued. Efforts to reduce fragmentation and consolidate activities under thematic clusters were vigorously pursued with a view to enhancing coherence and transparency and to strengthening internal management. The overall goal was to increase the impact and sustainability of project activities. Expenditures continued at a sustained pace reflecting the key role of this pillar of UNCTAD activities. Requests from beneficiaries continued to increase in all areas pertaining to UNCTAD's mandate while voluntary contributions from developed partners decreased and remained unpredictable. Allocation of contributions among different thematic clusters was uneven. Consequently long- or medium-term planning of technical cooperation has been difficult.

66. The results-based management approach is now being applied to all new technical cooperation projects with a view to enabling assessment of the relevance, quality, efficiency, effectiveness and impact of projects.

67. The secretariat also intends to improve the capacity of UNCTAD to attract donor resources. Financial support from all bilateral donors declined in 2013. Beneficiaries continued to finance in a sustained manner UNCTAD technical cooperation for self-sustained activities in their own countries, which shows the trust and recognition of the importance they attach to UNCTAD programmes. The secretariat looks forward to continuing the discussion on the draft UNCTAD fundraising strategy for technical

cooperation activities (UNCTAD/OSG/MISC/2013/1) and to the guidance and support of member States with regard to the common goals and principles for the fundraising strategy.

68. At the level of the United Nations system, the United Nations Inter-Agency Cluster on Trade and Productive Capacity, which UNCTAD continued to lead, further consolidated its role and continued to be one of the most dynamic inter-agency mechanisms within the United Nations system. With its 15 members, the Inter-Agency Cluster was able to participate actively in the preparatory phases of a number of United Nations Development Assistance Frameworks at the country level and formulated and delivered joint programmes and activities within the framework of the "Delivering as one" approach.